

I certify that the attached is a true and
correct copy of HJR # 6, which
was filed of record on 7-8-81,

and referred to the committee on:

Constitutional Amend.

FILED JUL 8 1981

Betty Murray

Chief Clerk of the House

By Clayton

H J.R. No. 6

A JOINT RESOLUTION

1 proposing a constitutional amendment to dedicate excess state
2 revenue to certain special funds, to authorize state guarantee of
3 certain local government obligations, and to increase the allowable
4 interest rate on certain bonds.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. That Article VIII of the Texas Constitution be
7 amended by adding Section 24 to read as follows:

8 Sec. 24. (a) If the total amount of state tax revenue that
9 is collected in a particular biennium and that is not otherwise
10 dedicated by this constitution exceeds the limitation on
11 appropriations of state tax revenue for that biennium under Article
12 VIII, Section 22, of this constitution, one-half of that excess
13 state tax revenue is dedicated to the special fund or funds created
14 to carry out the purposes under Subsection (b) of this section.
15 All or part of the remaining one-half of the excess state tax
16 revenue may be dedicated by law for any purposes determined by the
17 legislature including the creation of state bond retirement funds
18 under this section. As soon as possible after the end of each
19 biennium, the comptroller of public accounts shall determine the
20 amount of the excess state tax revenue and, subject to Subsection
21 (g) of this section, shall deposit one-half of the excess state tax
22 revenue in the fund or funds created under Subsection (b) of this
23 section and all or that part of the remaining one-half of the
24 excess state tax revenue to any other fund or funds created by law

1 to which excess state tax revenue has been dedicated by the
2 legislature.

3 (b) The legislature, by law, shall create one or more
4 special funds in the state treasury for use for or in aid of water
5 development, water conservation, water quality enhancement, or
6 flood control or any combination of these purposes and shall
7 provide the manner in which deposits will be made to the fund or
8 funds, the purposes for which the fund or funds may be used, and
9 the manner in which money in the fund or funds will be made
10 available. To the extent that the action does not impair contracts
11 previously entered into obligating money on deposit in the fund or
12 funds created under this subsection, the legislature, by law, may
13 use money dedicated by Subsection (a) of this section to the fund
14 or funds created under this subsection for purposes other than
15 those purposes provided in this subsection. Money on deposit in
16 the fund or funds created under this subsection shall not be used
17 to finance or aid any project that contemplates or results in the
18 removal from the basin of origin of any surface water necessary to
19 supply the reasonably foreseeable future water requirements for the
20 next ensuing 50-year period within the river basin of origin,
21 except on a temporary, interim basis.

22 (c) In addition to any program established by law to be
23 funded with money from funds created under Subsection (b) of this
24 section, the legislature, by law, may provide for the creation,
25 administration, and implementation of a bond guaranty program in
26 which the state pledges its general credit in an amount not to
27 exceed \$500,000,000 to the payment in whole or in part of the

1 principal of and interest on bonds or other obligations that are
2 issued by cities, towns, counties, districts, authorities, and any
3 other political subdivisions of the state as defined by law for any
4 of the purposes for which the fund or funds created under
5 Subsection (b) of this section may be used. The state agency
6 authorized by law to administer this bond guaranty program may be
7 authorized by law to execute guarantees that bind the state to make
8 payment of the principal of and interest on the bonds in the event
9 of their default. The payment, if any, of any guarantee executed
10 under this subsection shall be made from the first money coming
11 into the state treasury that is not otherwise dedicated by this
12 constitution. Notwithstanding the total amount of guarantees
13 executed under this subsection, the total amount paid by the state
14 under this subsection, excluding the costs of administration, may
15 not exceed \$500,000,000. The ratio of guarantees to the total
16 liability of the state under this subsection shall be established
17 by law.

18 (d) The legislature, by law, may create and may dedicate
19 state revenue to one or more state bond retirement funds in the
20 state treasury for the purpose of making provision for the payment
21 of state bonds. In this section, "state bonds" means bonds that
22 have been issued by the state or by its agencies, departments, or
23 officers as general obligations, guaranteed by the full faith and
24 credit of the state, and that are designated by the legislature for
25 payment from a state bond retirement fund created under this
26 section.

27 (e) If one or more state bond retirement funds are created

1 under Subsection (d) of this section, the comptroller of public
2 accounts or other state officer designated by law shall certify the
3 date as of which the principal amount of the investments held by
4 each respective fund, together with the earnings on the
5 investments, are in such amounts and, according to their terms,
6 will mature and become due at such times as will provide on a
7 timely basis, without the necessity of reinvestment, sums of money
8 that, together with uninvested money on deposit in the fund, to a
9 mathematical certainty, are sufficient to pay, when and as due, the
10 principal of and interest on the state bonds to which each
11 respective fund is dedicated. After the date of a certification
12 under this subsection, the amounts transferred to that bond
13 retirement fund, together with the principal of and earnings on the
14 investments held by the fund, shall be used exclusively for the
15 purpose of paying, when and as due, the principal of and interest
16 on the state bonds to which that fund is dedicated. So long as
17 those amounts are sufficient to pay, when and as due, the principal
18 of and interest on the state bonds, further payments from any other
19 funds of the state established to pay those state bonds are not
20 required. However, all state bonds, whether or not provision for
21 their payment is made under this section, shall continue to be
22 general obligations of the state, guaranteed by its full faith and
23 credit under this constitution. After the full payment of all
24 state bonds to which a debt retirement fund is dedicated, any
25 remaining amount in that fund shall be transferred to the general
26 revenue fund.

27 (f) After a date certified by the comptroller of public

1 accounts or other state officer designated by law under Subsection
2 (e) of this section, the receipts, revenues, and funds pledged by
3 another section of this constitution, by law, or by a contract of a
4 state agency or officer to the payment of the state bonds as to
5 which the certification is made may be used for or in aid of any of
6 the purposes for which the proceeds of the state bonds to which the
7 receipts, revenues, and funds were pledged may be used under this
8 constitution. However, the legislature may provide by law that all
9 or part of the pledged receipts, revenues, and funds may be used
10 for or in aid of other public purposes.

11 (g) The legislature, by law, for the biennium in which the
12 law is enacted, may limit the amount of excess state revenues
13 collected during that biennium that may be deposited to the fund or
14 funds created under Subsection (b) of this section.

15 (h) Any fund or funds created under this section shall be
16 invested as authorized by law. The investment earnings of the fund
17 or funds created under this section become part of the fund or
18 funds from which the earnings are realized.

19 (i) The legislature, by law, may transfer money from the
20 general revenue fund to any of the funds created under this
21 section.

22 (j) Any bonds guaranteed by the full faith and credit of the
23 state that are authorized by this constitution but are unissued on
24 the effective date of this section, if otherwise authorized to be
25 issued under this constitution, may be issued bearing a net
26 effective interest rate not to exceed 12 percent per annum, or, if
27 a net effective interest rate higher than 12 percent per annum is

1 approved by law enacted by an affirmative record vote of two-thirds
2 of the members of each house, not to exceed the higher rate
3 approved. For the purpose of this subsection, the net effective
4 interest rate shall be determined in the manner provided by law for
5 bonds issued by cities.

6 (k) Laws may be enacted in anticipation of the adoption of
7 this section.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held on November 3,
10 1981. The ballot shall be printed to provide for voting for or
11 against the proposition: "The constitutional amendment authorizing
12 the use of a portion of the excess revenues of the state for water
13 development, water conservation, water quality enhancement, and
14 flood control purposes; authorizing the use of \$500,000,000 of the
15 state's credit to assist cities, counties, towns, and other units
16 of local government in the financing of projects for such purposes;
17 increasing the interest rate that may be paid on previously
18 approved but unissued state bonds; and authorizing a program to
19 retire state bonds."

HOUSE COMMITTEE REPORT

1ST PRINTING

F

By Clayton

H.J.R. No. 6

A JOINT RESOLUTION

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13 state tax revenue is dedicated to the special fund or funds created
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15 All or part of the remaining one-half of the excess state tax
16 revenue may be dedicated by law for any purposes determined by the
17 legislature including the creation of state bond retirement funds
18 under this section. As soon as possible after the end of each
19 biennium, the comptroller of public accounts shall determine the
20 amount of the excess state tax revenue and, subject to Subsection
21 (g) of this section, shall deposit one-half of the excess state tax
22 revenue in the fund or funds created under Subsection (b) of this
23 section and all or that part of the remaining one-half of the
24 excess state tax revenue to any other fund or funds created by law

1 to which excess state tax revenue has been dedicated by the
2 legislature.

3 (b) The legislature, by law, shall create one or more
4 special funds in the state treasury for use for or in aid of water
5 development, water conservation, water quality enhancement, or
6 flood control or any combination of these purposes and shall
7 provide the manner in which deposits will be made to the fund or
8 funds, the purposes for which the fund or funds may be used, and
9 the manner in which money in the fund or funds will be made
10 available. To the extent that the action does not impair contracts
11 previously entered into obligating money on deposit in the fund or
12 funds created under this subsection, the legislature, by law, may
13 use money dedicated by Subsection (a) of this section to the fund
14 or funds created under this subsection for purposes other than
15 those purposes provided in this subsection. Money on deposit in
16 the fund or funds created under this subsection shall not be used
17 to finance or aid any project that contemplates or results in the
18 removal from the basin of origin of any surface water necessary to
19 supply the reasonably foreseeable future water requirements for the
20 next ensuing 50-year period within the river basin of origin,
21 except on a temporary, interim basis.

22 (c) In addition to any program established by law to be
23 funded with money from funds created under Subsection (b) of this
24 section, the legislature, by law, may provide for the creation,
25 administration, and implementation of a bond guaranty program in
26 which the state pledges its general credit in an amount not to
27 exceed \$500,000,000 to the payment in whole or in part of the

1 principal of and interest on bonds or other obligations that are
2 issued by cities, towns, counties, districts, authorities, and any
3 other political subdivisions of the state as defined by law for any
4 of the purposes for which the fund or funds created under
5 Subsection (b) of this section may be used. The state agency
6 authorized by law to administer this bond guaranty program may be
7 authorized by law to execute guarantees that bind the state to make
8 payment of the principal of and interest on the bonds in the event
9 of their default. The payment, if any, of any guarantee executed
10 under this subsection shall be made from the first money coming
11 into the state treasury that is not otherwise dedicated by this
12 constitution. Notwithstanding the total amount of guarantees
13 executed under this subsection, the total amount paid by the state
14 under this subsection, excluding the costs of administration, may
15 not exceed \$500,000,000. The ratio of guarantees to the total
16 liability of the state under this subsection shall be established
17 by law.

18 (d) The legislature, by law, may create and may dedicate
19 state revenue to one or more state bond retirement funds in the
20 state treasury for the purpose of making provision for the payment
21 of state bonds. In this section, "state bonds" means bonds that
22 have been issued by the state or by its agencies, departments, or
23 officers as general obligations, guaranteed by the full faith and
24 credit of the state, and that are designated by the legislature for
25 payment from a state bond retirement fund created under this
26 section.

27 (e) If one or more state bond retirement funds are created

1 under Subsection (d) of this section, the comptroller of public
2 accounts or other state officer designated by law shall certify the
3 date as of which the principal amount of the investments held by
4 each respective fund, together with the earnings on the
5 investments, are in such amounts and, according to their terms,
6 will mature and become due at such times as will provide on a
7 timely basis, without the necessity of reinvestment, sums of money
8 that, together with uninvested money on deposit in the fund, to a
9 mathematical certainty, are sufficient to pay, when and as due, the
10 principal of and interest on the state bonds to which each
11 respective fund is dedicated. After the date of a certification
12 under this subsection, the amounts transferred to that bond
13 retirement fund, together with the principal of and earnings on the
14 investments held by the fund, shall be used exclusively for the
15 purpose of paying, when and as due, the principal of and interest
16 on the state bonds to which that fund is dedicated. So long as
17 those amounts are sufficient to pay, when and as due, the principal
18 of and interest on the state bonds, further payments from any other
19 funds of the state established to pay those state bonds are not
20 required. However, all state bonds, whether or not provision for
21 their payment is made under this section, shall continue to be
22 general obligations of the state, guaranteed by its full faith and
23 credit under this constitution. After the full payment of all
24 state bonds to which a debt retirement fund is dedicated, any
25 remaining amount in that fund shall be transferred to the general
26 revenue fund.

27 (f) After a date certified by the comptroller of public

accounts or other state officer designated by law under Subsection (e) of this section, the receipts, revenues, and funds pledged by another section of this constitution, by law, or by a contract of a state agency or officer to the payment of the state bonds as to which the certification is made may be used for or in aid of any of the purposes for which the proceeds of the state bonds to which the receipts, revenues, and funds were pledged may be used under this constitution. However, the legislature may provide by law that all or part of the pledged receipts, revenues, and funds may be used for or in aid of other public purposes.

(g) The legislature, by law, for the biennium in which the law is enacted, may limit the amount of excess state revenues collected during that biennium that may be deposited to the fund or funds created under Subsection (b) of this section.

(h) Any fund or funds created under this section shall be invested as authorized by law. The investment earnings of the fund or funds created under this section become part of the fund or funds from which the earnings are realized.

(i) The legislature, by law, may transfer money from the general revenue fund to any of the funds created under this section.

(j) Any bonds guaranteed by the full faith and credit of the state that are authorized by this constitution but are unissued on the effective date of this section, if otherwise authorized to be issued under this constitution, may be issued bearing a net effective interest rate not to exceed 12 percent per annum, or, if a net effective interest rate higher than 12 percent per annum is

1 approved by law enacted by an affirmative record vote of two-thirds
2 of the members of each house, not to exceed the higher rate
3 approved. For the purpose of this subsection, the net effective
4 interest rate shall be determined in the manner provided by law for
5 bonds issued by cities.

6 (k) Laws may be enacted in anticipation of the adoption of
7 this section.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held on November 3,
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12 the use of a portion of the excess revenues of the state for water
13 development, water conservation, water quality enhancement, and
14 flood control purposes; authorizing the use of \$500,000,000 of the
15 state's credit to assist cities, counties, towns, and other units
16 of local government in the financing of projects for such purposes;
17 increasing the interest rate that may be paid on previously
18 approved but unissued state bonds; and authorizing a program to
19 retire state bonds."

COMMITTEE REPORT

The Honorable Bill Clayton
Speaker of the House of Representatives

7-13-81
(date)

Sir:

We, your COMMITTEE ON CONSTITUTIONAL AMENDMENTS, to whom was referred HJR 6, have had the same under consideration and beg to report back with the recommendation that it (measure)

- (X) do pass, without amendment.
- () do pass, with amendment(s).
- () do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (X) yes () no

An author's fiscal statement was requested. () yes (X) no

An actuarial analysis was requested. () yes (X) no

The Committee recommends that this measure be placed on the ~~House~~ or ~~Senate~~ Calendar.

This measure () proposes new law.
() amends existing law.
(X) *proposes a constitutional amendment.*

House Sponsor of Senate Measure _____.

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
McFarland, Ch.	✓			
Whaley, V.C.	✓			
Atkinson	✓			
Barrientos		✓		
Delco	✓			
Elizondo		✓		
Schoolcraft			✓	
Sharp	✓			
Ware	✓			

Total
6 aye
2 nay
1 present, not voting
0 absent

[Signature]
CHAIRMAN
[Signature]
COMMITTEE COORDINATOR

ANALYSIS

Background Information

In recent years, the amount of revenue which is eligible for legislative appropriation that has actually been received during each fiscal biennium has exceeded the amount actually appropriated by the legislature for the operation of state government during that period. The resulting surplus has been quite substantial for the past several years.

The taxes which are the largest revenue producers are the sales tax and the severance tax on oil and gas production. Projections reflect that the severance tax revenues will decline and that such decline may be as great as eighty percent by the end of the century.

Past practice has been to appropriate the surplus to maintain or enlarge state services. Many suggest that such approach to the handling of surplus revenues makes no allowance for the future needs of the state in a period of declining revenues. Fiscal analysts are suggesting, with greater frequency, the establishment of "rainy day funds" to allow the state to meet critical funding needs in future periods of reducing revenues and continuing inflationary cost spirals.

Many suggest that water is likely to be a very critical problem for Texas in the years ahead, especially with respect to municipal supplies, because of the projected population spiral for Texas. A number of Texas cities have already had to implement some type of water rationing system as a result of the enduring heat wave during the past summer. Underground aquifers all over the state will need to be supplemented and, in some cases, replaced with surface water supplied from reservoirs. In addition, water quality and flood protection are areas of concern which require significant capital investment and continued operating expenses.

Other needs may appear from time to time for which funds will not be currently available. It is believed by some that a plan which saves for the future, providing an ability to retire state debt (now amounting to about one billion dollars), and providing for water needs, effected during a period of projected increases in state revenues, is a proper approach to financially prepare the state for future periods of decreasing income.

Approximately one billion dollars in state general obligation bonds are now outstanding for the veterans' land program, the current water development program, parks, and student loans. Most of the revenues derived from those programs (veterans' loans, city water bond, and student loan repayments) are used to pay principal and interest on the bonds and are dedicated (in most instances) to that purpose until the bonds are retired, the last being in the year 2015. In this financial posture, the only way to continue a program is to issue additional bonds. Some of the programs thus rely and are dependent upon more and more debt, and many believe that, while the programs are desirable, this is not sound financial planning.

Under the current water development program, state bonds are issued, state debt is created, and the proceeds are used to buy the bonds of cities and others and to pay for the state's share of water development costs. All revenues received in repayment are used to pay principal and interest on state bonds. Thus, no revenues are generated to continue the program without more debt. The theory of the proponents of this legislation is that, if the bonds are "defeased" (that is, if funds are invested at very high current yields to provide money to pay the low-yield state bonds when due), then the more than twenty million dollars annually received by the state (now being used to pay principal and interest) could be used for the water program or for other public purposes. The Veteran's Land Program involves the issuance of bonds to make loans to veterans to acquire land. The loan repayments (more than \$45 million dollars annually) must be used to pay principal and interest on the bonds of the state. No significant revenues are today generated for the program itself. The program is kept going by issuing more bonds which create more state debt. Many suggest that, if the veterans land bonds were "defeased" on terms favorable to the state, then the \$45 million dollars annual revenue could be made available to the program or to other state purposes and the process of compounding and creating more and more state debt for this

program could be halted and, at the same time, the program could be continued at the same, at lower, or at higher levels. Park, student loan, and water quality enhancement bonds are the only remaining types of state debt outstanding and the same general comments would apply.

The current aggregate total amount of principal and interest to be paid on the state's outstanding debt approximates \$1.4 billion dollars to the year 2015, the final maturity of the state's currently outstanding debt. Fiscal analysts estimate that, under current investment conditions for United States Treasury obligations, approximately \$620 million dollars could be invested at yields high enough to produce money sufficient to pay all state debt when and as due and payable, or, in other words, to defease the state debt. If less than all of the debt were defeased, the figures, of course, would change, and the legislature is given this option under HJR 6. However, they suggest that, if all debt is defeased in this manner at this time, then approximately \$90 million dollars per year of state revenues would be made available to the programs generating them, and the process of continuing to issue more and more state debt for those programs could be avoided or at least reduced.

The optional use of surplus revenues involves legislative decision-making over a number of years. In the meantime, the Veterans' Land Program and the Water Development Board desire to continue their programs by issuing the bonds which are currently authorized by the constitution but are now unissued because of a voted maximum rate of interest (6%) in the current constitution. The present status of authorized but unissued bonds includes approximately \$45 million for the Veterans' Land Program, \$118 million for water development purposes, and \$100 million for water quality enhancement purposes. Additional bonds are authorized for parks and student loans, but it is not currently believed that those bonds will be issued in the near future. To permit the Veterans' and water programs to go forward while defeasance is being studied, HJR 6 would raise the existing 6% rate to a net effective interest rate of 12% or a higher rate if the legislature should approve same by a 2/3rd vote of each house.

Purpose

To propose a constitutional amendment dedicating a part of the state's surplus to water development, conservation, quality enhancement and flood control purposes or a combination of these purposes.

Section by Section Analysis

SECTION 1

Amends Article 8 of the Texas Constitution by adding Section 24 as follows:

- (a) provides for dedication to a special fund or funds of one-half of excess revenue collected in a biennium that exceeds the limitation on appropriations of state revenue not dedicated by the Constitution pursuant to Article 8, Section 22. Provides that all or part of the remaining one-half of excess revenue may be dedicated for any other purposes including the creation of state bond retirement funds;
- (b) provides for deposit of one-half of excess revenue into a special fund or funds for water development, conservation, quality enhancement or flood control or a combination to be prescribed by the Legislature by law. Provides for uses by the Legislature for purposes other than stated therein. Further forbids use to finance or aid any project which contemplates or results in removal from basis of origin necessary to supply the reasonable foreseeable future water requirements for the next 50 years, except on an interim basis;
- (c) authorizes the Legislature to provide a guaranty program by which the state's credit is pledged for payment of principal and interest on eligible bonds of political subdivisions up to \$500,000,000;
- (d) authorizes the Legislature to create and dedicate appropriate revenues to state bond retirement funds;

- (e) provides for certification by the Comptroller of the principal amount of investments held by each respective fund and other information prescribed in this Section. Provides amounts transferred after certification are "locked in";
- (f) authorizes the Legislature to limit the amount of excess revenues attributable to a biennium under the provisions of Subsection (b);
- (g) provides for investment of funds created under this Section;
- (h) authorizes transfer of General Revenue Funds;
- (i) provides for a net effective interest rate ceiling of 12 percent and for higher ceiling if approved by two-thirds of the members of each house; and
- (j) authorizes the enactment of laws in anticipation of the adoption of this Section.

SECTION 2

Provides for the submission to a vote of the people in an election to be held on 11/3/81 and for the printing of the ballot.

Rulemaking Authority

The resolution specifically authorizes certain implementing legislation which, in its adoption, would likely delegate some rulemaking authority. This resolution itself, however, makes no such delegation.

Summary of Committee Action

Public notice was posted in accordance with the Rules of Procedure of the House of Representatives, and a public hearing was held on July 9, 1981, for the purpose of hearing testimony with regard to the creation of a Texas water trust fund.

Pursuant to a suspension of the Rules from the floor of the House on July 13, 1981, the Committee on Constitutional Amendments convened in a formal meeting for consideration of HJR 6.

On July 13, 1981, the full committee voted to report HJR 6 to the House with the recommendation that it do pass by a record vote of six (6) ayes, two (2) nays, and one (1) PNV.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

July 13, 1981

Honorable Bob McFarland, Chairman
Committee on Constitutional Amendments
House of Representatives
Austin, Texas

In Re: House Joint Resolution No. 6
By: Clayton

Sir:

In response to your request pursuant to House Rules, Section 3.119, this office finds the fiscal implications of House Joint Resolution No. 6 (proposing a constitutional amendment to dedicate excess state revenue to certain special funds, to authorize state guarantee of certain local government obligations, and to increase the allowable interest rate on certain bonds) to be as follows:

The amendment would create a special fund dedicated for water development, water conservation, water quality enhancement, or flood control. The fund would receive one-half of the excess of revenue collected from state taxes not dedicated by the constitution in a biennium over the limitation on appropriations of such revenue under Article VIII, Sec. 22, of the Texas Constitution. It is not possible for this office to estimate the dollar amount of the excess, as defined in the resolution, that would occur at the end of each of the next several biennia and thereafter for lack of basic data; the 1982-83 biennium is the first biennium to which this limitation has applied. The Legislature may, for the biennium in which the law is enacted, limit the amount of excess revenue attributable to that biennium to be deposited in the Special Water Fund.

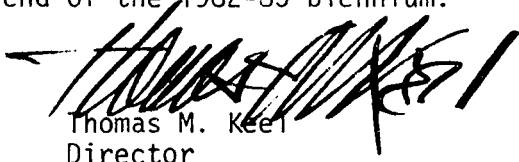
In addition to the assistance or other programs which the Legislature may chose to finance from the Special Water Fund, the proposed amendment would authorize the State to pledge its general credit to the payment of the debt service of eligible bonds of eligible political subdivisions issued for the purposes set forth in the amendment (water development, etc.). The total amount that could be paid by the State could not exceed \$500,000,000. The ratio of guarantees to the total liability of the State would be set by law; the enabling legislation would set that ratio at two-to-one. That would limit to one billion dollars the amount of political subdivision debt which could be guaranteed through this program. There would be a savings in interest cost to participating local political subdivisions attributable to the resolution should it be finally adopted and implemented.

The remaining one-half of the excess revenue not deposited in the special fund for water purposes may be dedicated to such purposes as may be provided by law including the creation of state bond retirement funds. The Legislature would be authorized to dedicate revenues to one or more state bond retirement funds to provide for the payment of State bonds.

The Legislature may transfer money from the General Revenue Fund to any of the funds created under the authority of this amendment.

Any bonds guaranteed by the full faith and credit of the State that are unissued on the effective date of this amendment, may be issued bearing a net effective interest rate not exceeding 12 percent. A net effective interest rate of more than 12 percent may be authorized by a two-thirds vote of the Legislature. The provision could increase interest costs but also could save money if the cost of construction is increasing at a rate that exceeds the cost of interest.

The amendment would be voted on November 3, 1981. The first computation of excess revenue by the State Comptroller under the provisions of the resolution would occur at the end of the 1982-83 biennium.


Thomas M. Keel
Director

COMMITTEE REPORT FORM

Howard

Austin, Texas

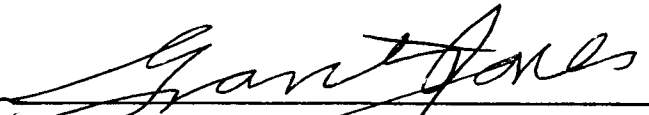
July 22, 1981

Date of report to Senate

Honorable William P. Hobby
President of the Senate

Sir:

We, your Committee on FINANCE to which was referred
HJR B^X No. 6 have had the same under consideration, and I am instructed to report it back to the Senate
with the recommendation that it do pass and be printed.


Chairman (Grant Jones)

Amendment 7 by

James

Amend H.J.R. 6 by changing Section 24,
subsection (g) on lines 53-56 to read as follows:

"(g) The legislature by law may limit
the amount of excess state revenues that
may be deposited to the fund or funds
created under Subsection (b) of this section."

ADOPTED

JUL 28 1981

Betty King
Secretary of the Senate

JB

FLOOR AMENDMENT

8

BY

[Signature]

Amend H.J.R. 6 on Page 3, Lines 13 and 14 of the Senate Printing by striking the words and figures "\$500,000,000 of the state's credit to assist" and substituting the following:

"the state's credit, not to exceed five hundred million dollars, to guarantee the bonds of."

ADOPTED

JUL 23 1981

[Signature]
Secretary of the Senate

[Signature]

AMEND THE CAPTION TO CONFORM
TO THE BODY OF THE BILL

ADOPTED

JUL 28 1981

Robert King
Secretary of the Senate

CB

SENATE AMENDMENTS

2ND PRINTING

F

By Clayton

H.J.R. No. 6

A JOINT RESOLUTION

1 proposing a constitutional amendment to dedicate excess state
2 revenue to certain special funds, to authorize state guarantee of
3 certain local government obligations, and to increase the allowable
4 interest rate on certain bonds.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. That Article VIII of the Texas Constitution be
7 amended by adding Section 24 to read as follows:

8 Sec. 24. (a) If the total amount of state tax revenue that
9 is collected in a particular biennium and that is not otherwise
10 dedicated by this constitution exceeds the limitation on
11 appropriations of state tax revenue for that biennium under Article
12 VIII, Section 22, of this constitution, one-half of that excess
13 state tax revenue is dedicated to the special fund or funds created
14 to carry out the purposes under Subsection (b) of this section.
15 All or part of the remaining one-half of the excess state tax
16 revenue may be dedicated by law for any purposes determined by the
17 legislature including the creation of state bond retirement funds
18 under this section. As soon as possible after the end of each
19 biennium, the comptroller of public accounts shall determine the
20 amount of the excess state tax revenue and, subject to Subsection
21 (g) of this section, shall deposit one-half of the excess state tax
22 revenue in the fund or funds created under Subsection (b) of this
23 section and all or that part of the remaining one-half of the
24 excess state tax revenue to any other fund or funds created by law

1 to which excess state tax revenue has been dedicated by the
2 legislature.

3 (b) The legislature, by law, shall create one or more
4 special funds in the state treasury for use for or in aid of water
5 development, water conservation, water quality enhancement, or
6 flood control or any combination of these purposes and shall
7 provide the manner in which deposits will be made to the fund or
8 funds, the purposes for which the fund or funds may be used, and
9 the manner in which money in the fund or funds will be made
10 available. To the extent that the action does not impair contracts
11 previously entered into obligating money on deposit in the fund or
12 funds created under this subsection, the legislature, by law, may
13 use money dedicated by Subsection (a) of this section to the fund
14 or funds created under this subsection for purposes other than
15 those purposes provided in this subsection. Money on deposit in
16 the fund or funds created under this subsection shall not be used
17 to finance or aid any project that contemplates or results in the
18 removal from the basin of origin of any surface water necessary to
19 supply the reasonably foreseeable future water requirements for the
20 next ensuing 50-year period within the river basin of origin,
21 except on a temporary, interim basis.

22 (c) In addition to any program established by law to be
23 funded with money from funds created under Subsection (b) of this
24 section, the legislature, by law, may provide for the creation,
25 administration, and implementation of a bond guaranty program in
26 which the state pledges its general credit in an amount not to
27 exceed \$500,000,000 to the payment in whole or in part of the

1 principal of and interest on bonds or other obligations that are
2 issued by cities, towns, counties, districts, authorities, and any
3 other political subdivisions of the state as defined by law for any
4 of the purposes for which the fund or funds created under
5 Subsection (b) of this section may be used. The state agency
6 authorized by law to administer this bond guaranty program may be
7 authorized by law to execute guarantees that bind the state to make
8 payment of the principal of and interest on the bonds in the event
9 of their default. The payment, if any, of any guarantee executed
10 under this subsection shall be made from the first money coming
11 into the state treasury that is not otherwise dedicated by this
12 constitution. Notwithstanding the total amount of guarantees
13 executed under this subsection, the total amount paid by the state
14 under this subsection, excluding the costs of administration, may
15 not exceed \$500,000,000. The ratio of guarantees to the total
16 liability of the state under this subsection shall be established
17 by law.

18 (d) The legislature, by law, may create and may dedicate
19 state revenue to one or more state bond retirement funds in the
20 state treasury for the purpose of making provision for the payment
21 of state bonds. In this section, "state bonds" means bonds that
22 have been issued by the state or by its agencies, departments, or
23 officers as general obligations, guaranteed by the full faith and
24 credit of the state, and that are designated by the legislature for
25 payment from a state bond retirement fund created under this
26 section.

27 (e) If one or more state bond retirement funds are created

1 under Subsection (d) of this section, the comptroller of public
2 accounts or other state officer designated by law shall certify the
3 date as of which the principal amount of the investments held by
4 each respective fund, together with the earnings on the
5 investments, are in such amounts and, according to their terms,
6 will mature and become due at such times as will provide on a
7 timely basis, without the necessity of reinvestment, sums of money
8 that, together with uninvested money on deposit in the fund, to a
9 mathematical certainty, are sufficient to pay, when and as due, the
10 principal of and interest on the state bonds to which each
11 respective fund is dedicated. After the date of a certification
12 under this subsection, the amounts transferred to that bond
13 retirement fund, together with the principal of and earnings on the
14 investments held by the fund, shall be used exclusively for the
15 purpose of paying, when and as due, the principal of and interest
16 on the state bonds to which that fund is dedicated. So long as
17 those amounts are sufficient to pay, when and as due, the principal
18 of and interest on the state bonds, further payments from any other
19 funds of the state established to pay those state bonds are not
20 required. However, all state bonds, whether or not provision for
21 their payment is made under this section, shall continue to be
22 general obligations of the state, guaranteed by its full faith and
23 credit under this constitution. After the full payment of all
24 state bonds to which a debt retirement fund is dedicated, any
25 remaining amount in that fund shall be transferred to the general
26 revenue fund.

27 (f) After a date certified by the comptroller of public

1 accounts or other state officer designated by law under Subsection
2 (e) of this section, the receipts, revenues, and funds pledged by
3 another section of this constitution, by law, or by a contract of a
4 state agency or officer to the payment of the state bonds as to
5 which the certification is made may be used for or in aid of any of
6 the purposes for which the proceeds of the state bonds to which the
7 receipts, revenues, and funds were pledged may be used under this
8 constitution. However, the legislature may provide by law that all
9 or part of the pledged receipts, revenues, and funds may be used
10 for or in aid of other public purposes.

11 (g) The legislature, by law, for the biennium in which the
12 law is enacted, may limit the amount of excess state revenues
13 collected during that biennium that may be deposited to the fund or
14 funds created under Subsection (b) of this section.

15 (h) Any fund or funds created under this section shall be
16 invested as authorized by law. The investment earnings of the fund
17 or funds created under this section become part of the fund or
18 funds from which the earnings are realized.

19 (i) The legislature, by law, may transfer money from the
20 general revenue fund to any of the funds created under this
21 section.

22 (j) Any bonds guaranteed by the full faith and credit of the
23 state that are authorized by this constitution but are unissued on
24 the effective date of this section, if otherwise authorized to be
25 issued under this constitution, may be issued bearing a net
26 effective interest rate not to exceed 12 percent per annum, or, if
27 a net effective interest rate higher than 12 percent per annum is

1 approved by law enacted by an affirmative record vote of two-thirds
2 of the members of each house, not to exceed the higher rate
3 approved. For the purpose of this subsection, the net effective
4 interest rate shall be determined in the manner provided by law for
5 bonds issued by cities.

6 (k) Laws may be enacted in anticipation of the adoption of
7 this section.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held on November 3,
10 1981. The ballot shall be printed to provide for voting for or
11 against the proposition: "The constitutional amendment authorizing
12 the use of a portion of the excess revenues of the state for water
13 development, water conservation, water quality enhancement, and
14 flood control purposes; authorizing the use of \$500,000,000 of the
15 state's credit to assist cities, counties, towns, and other units
16 of local government in the financing of projects for such purposes;
17 increasing the interest rate that may be paid on previously
18 approved but unissued state bonds; and authorizing a program to
19 retire state bonds."

By Clayton

H.J.R. No. 6

SENATE AMENDMENT NO. 1

1 Amend H.J.R. 6 by changing Section 24, subsection (g) on
2 lines 53-56 to read as follows:

3 "(g) The legislature by law may limit the amount of excess
4 state revenues that may be deposited to the fund or funds created
5 under Subsection (b) of this section."

6 Jones

SENATE AMENDMENT NO. 2

7 Amend H.J.R. 6 on Page 3, Lines 13 and 14 of the Senate
8 Printing by striking the words and figures "\$500,000,000 of the
9 state's credit to assist" and substituting the following:

10 "the state's credit, not to exceed five hundred million dollars, to
11 guarantee the bonds of."
12

13 Jones

SENATE AMENDMENT NO. 3

14 Amend the caption to conform to the body of the bill.
15

F

ENROLLED

H.J.R. No. 6

A JOINT RESOLUTION

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13 state tax revenue is dedicated to the special fund or funds created
14 to carry out the purposes under Subsection (b) of this section.
15 All or part of the remaining one-half of the excess state tax
16 revenue may be dedicated by law for any purposes determined by the
17 legislature including the creation of state bond retirement funds
18 under this section. As soon as possible after the end of each
19 biennium, the comptroller of public accounts shall determine the
20 amount of the excess state tax revenue and, subject to Subsection
21 (g) of this section, shall deposit one-half of the excess state tax
22 revenue in the fund or funds created under Subsection (b) of this
23 section and all or that part of the remaining one-half of the
24 excess state tax revenue to any other fund or funds created by law

1 to which excess state tax revenue has been dedicated by the
2 legislature.

3 (b) The legislature, by law, shall create one or more
4 special funds in the state treasury for use for or in aid of water
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11 previously entered into obligating money on deposit in the fund or
12 funds created under this subsection, the legislature, by law, may
13 use money dedicated by Subsection (a) of this section to the fund
14 or funds created under this subsection for purposes other than
15 those purposes provided in this subsection. Money on deposit in
16 the fund or funds created under this subsection shall not be used
17 to finance or aid any project that contemplates or results in the
18 removal from the basin of origin of any surface water necessary to
19 supply the reasonably foreseeable future water requirements for the
20 next ensuing 50-year period within the river basin of origin,
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22 (c) In addition to any program established by law to be
23 funded with money from funds created under Subsection (b) of this
24 section, the legislature, by law, may provide for the creation,
25 administration, and implementation of a bond guaranty program in
26 which the state pledges its general credit in an amount not to
27 exceed \$500,000,000 to the payment in whole or in part of the

1 principal of and interest on bonds or other obligations that are
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3 other political subdivisions of the state as defined by law for any
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1 under Subsection (d) of this section, the comptroller of public
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27 (f) After a date certified by the comptroller of public

1 accounts or other state officer designated by law under Subsection
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3 another section of this constitution, by law, or by a contract of a
4 state agency or officer to the payment of the state bonds as to
5 which the certification is made may be used for or in aid of any of
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18 (i) The legislature, by law, may transfer money from the
19 general revenue fund to any of the funds created under this
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21 (j) Any bonds guaranteed by the full faith and credit of the
22 state that are authorized by this constitution but are unissued on
23 the effective date of this section, if otherwise authorized to be
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13 flood control purposes; authorizing the use of the state's credit,
14 not to exceed five hundred million dollars, to guarantee the bonds
15 of cities, counties, towns, and other units of local government in
16 the financing of projects for such purposes; increasing the
17 interest rate that may be paid on previously approved but unissued
18 state bonds; and authorizing a program to retire state bonds."

H.J.R. No. 6

President of the Senate

Speaker of the House

I certify that H.J.R. No. 6 was passed by the House on July 15, 1981, by the following vote: Yeas 114, Nays 19, 0 present, not voting; and that the House concurred in Senate amendments to H.J.R. No. 6 on August 3, 1981, by the following vote: Yeas 117, Nays 23, 1 present, not voting.

Chief Clerk of the House

H.J.R. No. 6

I certify that H.J.R. No. 6 was passed by the Senate, with amendments, on July 30, 1981, by the following vote: Yeas 23, Nays 7.

Secretary of the Senate

APPROVED: _____
Date

Governor

RECEIVED: _____
Date

Secretary of State

H. J. R. No. 6

By Clayton

HOUSE JOINT RESOLUTION

proposing a constitutional amendment to dedicate excess state revenue to certain special funds, to authorize state guarantee of certain local government obligations, and to increase the allowable interest rate on certain bonds.

JUL 8 1981 1. Filed with the Chief Clerk.

JUL 13 1981

2. Read first time and referred to Committee on

Constitutional Amendments

7-13-81

3. Reported favorably (as amended) and sent to Printer at 6:52 pm
(as substituted)

JUL 14 1981

4. Printed and distributed at 8:19 AM

JUL 14 1981

5. Sent to Committee on Calendars at 8:36 AM

JUL 15 1981

6. Read second time (amended) and (finally) passed to Final Reading by a Record Vote of 114 yeas, 19 nays, 0 present, not voting.

7. Motion to reconsider and table the vote by which H.J.R. _____ was ordered engrossed prevailed (failed) by (Non-Record Vote) (Record Vote of _____ yeas, _____ nays, _____ present, not voting).

8. Read third time (amended) and finally adopted (failed of adoption) by a Record Vote of _____ yeas, _____ nays, _____ present, not voting.

9. Caption ordered amended to conform to body of resolution.

10. Motion to reconsider and table the vote by which H.J.R. _____ was finally adopted prevailed (failed) by a (Non-Record Vote) Record Vote of _____ yeas, _____ nays, and _____ present, not voting).

JUL 15 1981

POINT OF ORDER SUSTAINED

JUL 15 1981

MOTION TO SUSPEND ALL NECESSARY RULES IN ORDER TO TAKE UP AND CONSIDER AT THIS TIME HJR 6 PREVAILED BY ~~RECORD~~-RECORD VOTE.

118 yeas 11 nays
OPNV

JUL 15 1981

11. Ordered Engrossed at 6:10 PM

JUL 15 1981

12. Engrossed.

JUL 15 1981

13. Returned to Chief Clerk at 8:25 pm

JUL 17 1981

14. Sent to the Senate.

Betty Murray
Chief Clerk of the House

JUL 17 1981

15. Received from the House

JUL 17 1981

16. Read, referred to Committee on FINANCE

JUL 22 1981

17. Reported favorably

18. Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

19. Ordered not printed.

JUL 29 1981

20. Regular order of business suspended by

(a viva voce vote.)
(21) yeas, 9 nays.)

21. To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of _____ yeas, _____ nays.

JUL 28 1981

22. Read second time amended passed to third reading by:
(a viva voce vote.)
(21) yeas, 8 nays.)

JUL 28 1981

23. Caption ordered amended to conform to body of bill.

24. Senate and Constitutional 3-Day Rules suspended by vote of _____ yeas,
_____ nays to place bill on third reading and final passage.

JUL 28 1981

Regular Order suspended by 2 yeas 7 nays

JUL 28 1981

25. Read third time, and passed by _____

JUL 30 1981

*Laid before Senate
finally passed by 23 yeas 7 nays*

OTHER ACTION:

OTHER ACTION:

Betty King
Secretary of the Senate

July 30, 1981

26. Returned to the House.

JUL 30 1981

27. Received from the Senate (with amendments.)
(~~as substituted~~)

AUG 3 1981

28. House (Concurred) (~~Refused to Concur~~) in Senate (Amendments) by a (~~Non-Record~~)
(~~Vote~~) (Record Vote of 117 yeas, 23 nays, 1 present,
not voting).

29. Conference Committee Ordered.

30. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record
Vote of _____ yeas, _____ nays, and _____ present, not voting).

AUG 3 1981

31. Ordered Enrolled at 7:55 pm

1981 JUL 15 PM 8:25

HOUSE OF REPRESENTATIVES
1981 JUL 30 PM 3:52

1981 JUL 14 PM 8:19